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SENATE

REPORT
No. 93-657

PROVIDING EMERGENCY SECURITY ASSISTANCE
AUTHORIZATIONS FOR ISRAEL AND CAMBODIA

DECEMBER 19, 1973.—Ordered to be printed

Mr. HUMPHREY, from the Committee on Foreign Relations,
submitted the following

REPORT

together with Individual Views

[To accompany H.R. 11088]

The Committee on Foreign Relations, to which was referred the bill (H.R. 11088) having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PRINCIPAL PURPOSE

The principal purpose of H.R. 11088 is to authorize \$2.2 billion in emergency security assistance to Israel in fiscal 1974.

COMMITTEE ACTION

The President sent to the Congress a message dated October 19, 1973, requesting authorization of \$2.2 billion in emergency security assistance for Israel and \$200 million for Cambodia. Under this proposal, the President would determine how much of the emergency assistance for Israel would be in grant military assistance and how much in foreign military sales credits. The entire amount for Cambodia would be in grant military assistance.

The portions of that message pertinent to the request for Israel follows:

"For more than a quarter of a century, as strategic interests of the major powers have converged there, the Middle East has been a flash-point for potential world conflict. Since war broke out again on October 6, bringing tragedy to the people of Israel and the Arab nations alike, the United States has been actively engaged in efforts to

contribute to a settlement. Our actions there have reflected my belief that we must take those steps which are necessary for maintaining a balance of military capabilities and achieving stability in the area. The request I am submitting today would give us the essential flexibility to continue meeting those responsibilities.

To maintain a balance of forces and thus achieve stability, the United States Government is currently providing military material to Israel to replace combat losses. This is necessary to prevent the emergence of a substantial imbalance resulting from a large-scale resupply of Syria and Egypt by the Soviet Union.

The costs of replacing consumables and lost equipment for the Israeli Armed Forces have been extremely high. Combat activity has been intense, and losses on both sides have been large. During the first 12 days of the conflict, the United States has authorized shipments to Israel of material costing \$825 million, including transportation.

Major items now being furnished by the United States to the Israeli forces include conventional munitions of many types, air-to-air and air-to-ground missiles, artillery, crew-served and individual weapons, and a standard range of fighter aircraft ordnance. Additionally, the United States is providing replacements for tanks, aircraft, radios, and other military equipment which have been lost in action.

Thus far, Israel has attempted to obtain the necessary equipment through the use of cash and credit purchases. However, the magnitude of the current conflict coupled with the scale of Soviet supply activities has created needs which exceed Israel's capacity to continue with cash and credit purchases. The alternative to cash and credit sales of United States military materials is for us to provide Israel with grant military assistance as well.

The United States is making every effort to bring this conflict to a very swift and honorable conclusion, measured in days not weeks. But prudent planning also requires us to prepare for a longer struggle. I am therefore requesting that the Congress approve emergency assistance to Israel in the amount of \$2.2 billion. If the conflict moderates, or as we fervently hope, is brought to an end very quickly, funds not absolutely required would of course not be expended."

The message was referred to the Committee on Foreign Relations on October 23, 1973. S. 2692, to implement the President's proposal, was introduced by Senator Case on November 13, 1973. On October 12 and 31 the Committee met with Secretary of State Henry A. Kissinger to discuss developments in the Middle East. The Committee held a public hearing on S. 2692 and H.R. 11088 (which passed the House on December 11, 1973) on December 13, 1973. Testimony was received from the following witnesses:

The Honorable James McClure, U.S. Senator from Idaho.

The Honorable Kenneth Ruch, Deputy Secretary of State.

The Honorable William P. Clements, Deputy Secretary of Defense.

Admiral Thomas H. Moorer, Chairman, Joint Chiefs of Staff.

The Honorable James Abourezk, U.S. Senator from South Dakota.

The Honorable Robert F. Drinan, U.S. Congressman from Massachusetts.

Dr. Alan R. Taylor, Representing the Middle East Affairs Council, Washington D.C.

Dr. Faiz Abu-Jaber, Representing the Arab-American Association of Syracuse, New York.

Rabbi Philip S. Bernstein, Honorary Chairman, American-Israel Public Affairs Committee, Washington, D.C.

Dr. John H. Davis, Representing the American Near East Refugee Aid, Washington, D.C. (former Commissioner General of the U.N. Works and Relief Agency) (accompanied by John P. Richardson).

Dr. Alfred M. Lilienthal, Chairman, Middle East Perspective New York, New York.

Mr. David G. Nes, Representing the American Committee for Justice in the Middle East, Boulder, Colorado.

Mr. Peter S. Tanous, Representing the National Association of Arab Americans, Washington, D.C.

The Committee considered the bill in executive session on December 18, 1973, at which time it was ordered favorably reported, without amendment, by a vote of 15 to 2. Those voting to report favorably were Senators Sparkman, Church, Symington, Pell, McGee, Muskie, McGovern, Humphrey, Aiken, Case, Javits, Scott, Pearson, Percy and Griffin; opposed, Senators Fulbright and Mansfield.

BACKGROUND

Immediately after the surprise combined Egyptian and Syrian attack on Israel on Yom Kippur, October 6, 1973, the United States sought to bring about a cease-fire and reach an understanding with the Soviet Union for a mutual freeze on resupply of major weapons in that area. When these efforts failed, and in the face of massive resupply of Arab forces by the Soviet Union, it became clear that it would be necessary for the United States to send arms to Israel to replace combat losses in order to maintain a balance of forces in the Middle East and maintain Israel's self-defense capacity, in accordance with long-standing national policy of the United States.

The United States, therefore, responded promptly to Israel's request for replacement arms. It sold nearly \$1 billion in military equipment and munitions to Israel, most of which already has been delivered by airlift and by sea.

United States policy played a vital role in the achievement of the October 22 cease-fire agreement and in promoting conditions for the serious discussions now underway looking toward peace in the region.

Israel's overall military strength is now about the same as it was on October 6. Her military equipment losses sustained during the fighting have been replaced in most categories.

However, the military balance is not at a standstill. Soviet arms deliveries to the Arabs are continuing. Israel has asked for additional military equipment and munitions totaling nearly \$2 billion, in addition to the \$1 billion already provided by the United States—a total of \$3 billion.

COMMITTEE COMMENTS

The paramount goal in the Middle East, for all nations concerned, is a settlement which brings to that area a just and lasting peace. The path to that settlement lies in negotiation, and in the Committee's

view, a key element for success in negotiation lies in maintaining a military balance, so that both sides can bargain from a position of relative military security.

Deputy Secretary of State Rush told the Committee:

We are more hopeful now than at any time in the past that the Arab-Israeli conflict, the source of four wars in the last twenty-five years, may finally be settled by peaceful, face-to-face negotiations. But in this delicate period, in which hopefully we move toward a peaceful solution to this dispute, we must make it clear to our friends in Israel, to our friends in the Arab world, and to those in the Arab world and elsewhere who choose to oppose our policies in the Middle East that Israel will be given the assistance and the equipment necessary to enable her to defend herself. . . .

We cannot expect that Israel will be prepared to make significant compromises for peace unless her people are assured that they will have the weapons with which to defend themselves.

Before and during the recent war, the Arab combatants received very substantial military and economic assistance both from the wealthier Arab states and from the Soviet Union. With the cessation of hostilities, that assistance has continued; thus, the Arab strength is now steadily increasing. On the Israeli side, a similar process of military and economic restoration is now underway on a lesser scale. Private contributions are also being made to Israel to help offset the very heavy toll which the war exacted from Israel in treasure and blood. Without additional government assistance to Israel, there is a real danger that a serious imbalance will develop in the strengths of the adversaries which would lead to a renewal of the Arab attack.

Israel already carried the world's heaviest defense burden before the war. More than one quarter of her gross national product went for defense last year. Her citizens pay the highest tax rates in the world. Her foreign debt was about \$4 billion, more than \$1,200 per capita. She owed the United States, at the time of the outbreak of hostilities, about \$1.7 billion for cash and credit purchases of military equipment.

The war dealt Israel's economy a heavy blow. About 25 percent of her work force is mobilized, with consequent effects in disrupting production. Her ability to earn foreign exchange is impaired. And, she is unable to return fully to peacetime pursuits until she has more assurance than now exists that hostilities will not break out again.

Israel so far has paid for her U.S. arms purchases with cash and credit, not grants. Under existing law, she has a 120-day grace period before she must pay for the nearly \$1 billion in U.S. military equipment obtained since October 6. The payments come due in February-March 1974. Israel cannot pay for these replacement arms and the additional amounts which may be needed without straining her economy to the breaking point. And without a functioning economy, Israel would be as insecure as if she lacked arms.

Deputy Secretary of Defense Clements testified that without financial assistance, there is a possibility that Israel could default on the \$1 billion due next February-March. If this happens, he stated, the U.S. military departments may not be reimbursed for the costs already incurred by them for the deliveries to Israel and on-going contracts with the U.S. defense industry in turn may have to be cancelled.

Although Israel's equipment losses have been replaced by the \$1 billion of assistance already provided, additional assistance is likely to be required in view of continuing Soviet shipments of arms and munitions to Egypt and Syria. Israel has requested equipment which greatly exceeds in value the \$1.2 billion of this authorization which will remain after the Defense Department is reimbursed for the materials already furnished. Administration witnesses were unable to estimate how much more aid may be necessary. Deputy Secretary Rush told the Committee:

We are studying these additional requests, but a total figure of \$2.2 billion still represents our best estimate of the amount of assistance required to replace Israel's losses and to maintain the military balance in the Middle East in the immediate period ahead. We are not seeking to upset the arms balance in favor of Israel, but we do not wish to have it tilted in the other direction either. There will be difficult political choices, for in the last analysis any military balance sheet contains imponderable elements concerning intentions, human resources, and the like. The \$2.2 billion figure is our best estimate and we attach great importance to securing all of it. All parties in the Middle East conflict are aware of this figure and have reacted to it. The authorization of a lesser amount now could necessitate our asking for an additional authorization in the future at a time when such a request could have an unsettling effect on efforts to negotiate a peaceful solution to this dispute.

It was in this light that the Committee viewed this extraordinary special request for assistance to Israel.

As Secretary Kissinger has stated, there is now a better chance for peace—if both sides are willing to seize it—than at any time in the past quarter century. That opportunity could be lost, however, if Israel were to find herself in the position of negotiating from weakness. Such a situation could easily intensify both Israeli fears and Arab demands, and the result could well be further fighting.

With so much dependent upon a satisfactory outcome in the Middle East—including the continuation of the Soviet-American détente—the Committee believes that this measure, through costly, represents an essential investment.

The broad discretionary power which this bill allows the President does not represent an implicit decision by the Committee to reverse the recent trend of stronger Congressional control in the foreign policy area. What it does represent is a long-standing recognition by the Committee that there are some areas, on some occasions, in which significant Presidential flexibility is required. In view of the uncertainties which lie ahead as the current Middle East situation, develops, the Committee believes that this is such a case. Having had a number of discussions with Secretary Kissinger in executive session since the war's outbreak and having developed a sense of confidence that the Administration and the Committee share the same basic goals for U.S. policy in that region, the Committee was prepared to approve a bill which allowed the President the flexibility which seems necessary if those goals are to be pursued effectively. The Committee expects that this flexibility will be used prudently in the pursuit of a settlement which brings a stable reconciliation of the competing claims for justice in the Middle East. The Committee expects to be kept closely in-

formed and to exercise effective legislative oversight concerning developments relating to both the political and military situations in the Middle East. Also, the Committee should be consulted prior to the making of major decisions for using the funds authorized by this bill.

COST ESTIMATES

H.R. 11088 authorizes appropriations of \$2.2 billion in fiscal year 1974. Outlays from this amount are estimated at \$600 million in fiscal year 1974 and the balance in succeeding years.

SECTION-BY-SECTION ANALYSIS

Sec. 2. Authorization of Appropriations. This section authorizes the appropriation to the President of not to exceed \$2,200,000,000 for emergency military assistance or foreign military sales credits, or for both as the President may determine, for Israel. This provision also places certain restrictions on the use of assistance authorized in section 2, in excess of \$1.5 billion. Prior to the obligation or expenditure of such assistance, the President will be required to make a determination and to report it to the Congress, together with a justification therefor. The 20-day notification specified in the amendment shall not apply if hostilities are renewed in the Middle East. The report shall also give the date that the transfer of United States defense articles provided in excess of \$1.5 billion becomes effective.

Section 3. Conditions Applicable. Military assistance furnished out of funds appropriated under section 2 shall be furnished in accordance with all of the provisions applicable to military assistance under the Foreign Assistance Act of 1961 (75 Stat. 424; Public Law 87-195), as amended. Foreign military sales credits extended to Israel out of such funds shall be provided on such terms and conditions as the President may determine and without regard to the provisions of the Foreign Military Sales Act (82 Stat. 1320; Public Law 90-629), as amended.

Section 4. Release of Israel From Contractual Liability. At any time prior to June 30, 1974, the President is authorized, within the limits of funds appropriated under section 2 of this Act for Israel, to release Israel from contractual liability to pay for defense articles and defense services purchased or financed under the Foreign Military Sales Act or under this Act during the period beginning October 6, 1973, and ending June 30, 1974, and those funds shall be used to reimburse current applicable appropriations, funds, and accounts of the Department of Defense for the value of the defense articles and defense services provided.

Section 5. Study of the 1973 Arab-Israeli War. This section directs the Secretary of Defense to conduct a study of the 1973 Arab-Israeli conflict to ascertain the effectiveness of the foreign military assistance program as it relates to the Middle East conflict, including weapons that the United States is providing to Israel through foreign assistance programs, and to compare them to the effectiveness of the weapons which the Soviet Union is providing to the Arab states. In conducting the study and submitting his report, the Secretary shall take care not to disclose, directly or indirectly, intelligence sources or methods or confidential information received from any other nation. A report of the conclusions of such study shall be submitted to the Congress as soon as practical and in any case not later than December 31, 1974.

Section 6. Authorization For Contributions To The United Nations Emergency Force. This section authorizes the President to use such sums as may be necessary, from the amounts appropriated pursuant to section 2, for payment of the United States share of the expenses of the United Nations Emergency Force in the Middle East.

While the executive branch has requested a separate authorization for this purpose, the Committee believes that this obligation can be met under this legislation without impairing its basic intent. The presence of the U.N. Emergency Force in the Middle East constitutes a vital part of the effort to prevent the resumption of hostilities, and to enable peaceful negotiations to move ahead. The authorization contained in section 6 of the bill will serve these purposes and is fully in keeping with the basic objectives of this emergency legislation.

Information supplied by the executive branch indicates that the cost of the U.N. Emergency Force may amount to \$30 million for the first 6 months and \$5 million each month thereafter. The United States share will be \$17,336,200, based on the U.N. Secretary General's estimate of \$60 million for the first full fiscal period of the Force's operation. This represents approximately 28.9 percent of the estimated total cost.

INDIVIDUAL VIEWS OF SENATOR J. W. FULBRIGHT

BILL ENDANGERS A NEGOTIATED SETTLEMENT

The coming talks in Geneva must succeed if we are to prevent a worldwide recession, a renewal of the Arab-Israeli war, and a breakdown of the movement toward normalization of our relations with the Soviet Union. Approval of this bill to give \$2.2 billion in military aid to Israel will undermine the talks before they begin.

The bill is ill timed and ill advised. It should be set aside for further consideration next session after there has been an opportunity to weigh the progress made in the negotiations. The primary importance of this bill is not the money but the policy involved. And that policy is a short-sighted and imprudent one—promoting the military interests of Israel—when the circumstances require a policy furthering a peaceful settlement. Regardless of all the rhetoric about “restoring a military balance,” passage of this bill will be seen by the world as a major policy declaration on the most difficult and dangerous problem confronting our country. This bill contemplates a military solution to a problem requiring diplomacy and negotiations.

To Israel it could be an encouragement to further intransigence. And to the Arabs it will be seen as a re-affirmation of the inability of the United States to pursue an even-handed policy. I offered a number of amendments in Committee to lessen the political tilt of this bill. All were rejected. The text of these and other amendments I offered are printed in the appendix.

Instead of advancing our national interests in the Middle East, this bill threatens to set them back. The United States has three fundamental interests in the Middle East: a secure and peaceful Israel; friendship with the Arab states and a reliable source of oil; and the avoidance of conflict with the Soviet Union. The great strength of our position is the fundamental compatibility of these three basic interests.

All can be advanced by an equitable Arab-Israeli settlement. The time to press for that settlement is now, before hostilities flare anew in the Middle East, as almost certainly they will if there is not early, substantial progress toward peace. The precise terms and exact boundaries of a settlement must await negotiations in the peace conference, but the basic principles of an equitable peace are clear. The peace must be based upon Security Council Resolution 242 of November 1967, which requires Israeli withdrawal from occupied territories and which emphasizes the “inadmissibility of the acquisition of territories by war.” In accordance with that Resolution, the peace must also make explicit and detailed provisions to assure the territorial integrity and political independence of Israel and all other Middle East states.

The chances for achieving a stable and equitable peace in the Middle East are greater than at any time since the founding of Israel in 1948. On the other hand, if there is not a settlement, there is every

likelihood of still another war, and that more likely within months rather than years. What now seems out of the question is a return to the status quo which prevailed between the wars of 1967 and 1973.

Like the Balkans before 1914, the Middle East has become the potential flash point of world conflict. It threatens the great powers—and the world—with repeated trips to the brink of nuclear confrontation. For this reason alone the United States and the Soviet Union have not only the right but the responsibility to intercede for a compromise peace. If the two great powers were willing to leave the Arabs and Israel to work out, or fight out, their differences regardless of the outcome, the issue might then be regarded as regional and autonomous. The Russians are not going to abandon the Arabs, and the United States is most certainly not going to leave Israel to her fate. But leaving Israel to her fate and encouraging her to show a spirit of compromise are quite different matters.

Our moral and political commitment to Israel is about as solid and unalterable as any we have in the world. We are not, however, committed to current Israeli policy, to the retention by Israel of occupied lands, or to abetting intransigence in the coming peace talks. Insofar as the retention of these lands threatens endless war from which we cannot remain aloof, we have the right and the responsibility to intercede for a compromise peace based upon the principles of the Security Council Resolution of November 1967. And we have a duty to refrain from actions which will stiffen Israeli opposition to implementation of that resolution. I offered an amendment in the Committee to make the provision of any aid to Israel beyond \$1.2 billion conditional on her "taking appropriate steps" to comply with Resolution 242 and the Security Council's cease-fire resolution of October 22 of this year. The amendment was rejected.

A peace based on Resolution 242 is to the advantage of all concerned, not the least Israel herself. This fourth Arab-Israeli war has confronted Israel with the grim specter of endless conflicts, not easy and successful conflicts like the war of 1967, but grinding attrition in which the Arabs would have a steadily increasing advantage driving from their vastly greater numbers, growing military and technological capacity, and the enormous financial resources of the oil-producing states of the Arabian world. The Arab states, including those which are now conservative, are likely to be radicalized as their grievances fester. Israel, already a garrison state, faces the prospect of mounting terrorism and recurrent war, of a national existence with no semblance of security. However confident they may be of their own military prowess, the Israelis can hardly relish this prospect.

The Israelis must give up the chimera of absolute military security through the occupation of territory, recognizing that the absolute military security of one nation means absolute insecurity for its neighbors. Israel is going to have to reconcile itself to compromise, and time is no longer on her side. Whatever else the recent war has shown, it has shown that Israel's military supremacy is diminishing asset. As Israel's first Prime Minister, the late David Ben-Gurion, recognized some time ago—

Real peace with our Arab neighbors—mutual trust and friendship—that is the only true security.

Israel has won its long sought political goal; recognition by the Arab world of Israel's right to exist. Guarantees of its security can

now be arrived at in the Geneva conference. Israel has bravely accepted the risks of war. Now she must be willing to accept the risks of peace. Those unknown risks are certainly far less dangerous than the risks of a fifth round of fighting. Israel, therefore, has everything to gain from a peace based on Resolution 242, a peace which would allow Israel to become, at long last, an integral, accepted part of the Middle East.

In this critical period a special responsibility falls on those Americans whose efforts have been designed so long and so assiduously to assure the survival of the State of Israel. Israel can no longer hope to base its security on military strength alone. If Israel is to be secure, a guaranteed peace is required, and such a peace will require great concessions by Israel as well as by her adversaries. Israel's American friends can do her no greater service than to commend this necessity to her. There has been no better opportunity for Israel to strike a bargain with her enemies. This is the time for compromise and magnanimity, not for belligerence and intransigence.

The second basis for the outside world's concern for a stable peace in the Middle East—hardly less compelling than the danger of a nuclear war between the United States and the Soviet Union—is the burgeoning energy crisis, which now threatens the economies of much of the industrial world. If it continues, the energy crisis will grow to frightening dimensions. The world's economy, especially that of the United States, is uniquely dependent on one commodity—oil. We have taken oil for granted so long we cannot quite imagine the consequences of being without it. The industrial world is now learning the hard way.

With six percent of the world's population, the United States consumes one-third of the world's energy. Nearly half of the energy we consume comes from oil, and a third from natural gas. Less than two-thirds of the oil we consume comes from domestic production. Because of the Arab oil cutoff, our supplies may be as much as 20 percent short of meeting current requirements.

The impact on Western Europe and Japan, which are far more dependent on Middle East oil, will be nothing short of catastrophic unless a solution is found to the Arab-Israeli conflict. Their economic collapse will inevitably bring down our own economy, just as the depression of the 1930's had its origin beyond our shores. The world's economy is more interdependent than ever before, as is our own economy. Although the domino theory has been shown to be of dubious relevance in international politics, it has unusual validity in international economics.

The Arab Middle East possesses at least 300 billion of the 500 billion barrels of proven world oil reserves. With no spare productive capacity of its own, the United States—like other industrial nations—is increasingly dependent on Middle Eastern oil, and consequently in need of good relations with the producing countries. These countries, it is well to remember, have no direct quarrel with the United States and have never done anything to harm the United States. Our dependence on their oil is a matter of national interest, no more so perhaps than our emotional bond to Israel, but surely no less so either.

In the long run, it is true, we are going to have to develop alternate sources of energy, if only because the world's supply of fossil fuels is limited. Regardless of long-term needs, however, and regardless of any

crash programs we may now undertake, there is no way—absolutely no way—to avoid reliance on Middle East oil for at least the next several years. It is generally agreed by petroleum experts that it is going to take some three to five years substantially to increase United States production of oil fuels and a great deal longer to develop solar, thermal, nuclear and then fusion sources of energy.

The energy crisis clearly is going to be with us for some years to come, but whether it will bring economic collapse or be manageable will depend upon restoring good relations with the major oil-producing states of the Middle East. The key to restoring the good relations we enjoyed before the war is to use our influence to bring about an agreement at Geneva. Passage of this bill will lessen the chances of reaching a settlement, thus prolonging the oil boycott, increasing the dangers of a serious recession and, possibly, bringing on a worldwide depression.

Aside from the danger this bill poses to the negotiations, there are other serious objections. Congress should not act in unseemly haste on such a vast grant of authority. No justification has been made for \$1.2 billion of the amount requested, and ample authority exists to provide Israel with additional arms, if the war breaks out again. Israel has already been provided with \$1 billion in arms, at least restoring the losses she suffered during the fighting. An additional \$300 million in credit sales has been authorized in the foreign aid bill, bringing to \$2.5 billion the total military assistance which will be available for Israel in FY 1974.

The Israeli Defense Minister, Moshe Dayan, was quoted in the press recently as saying: "We in Israel never were as strong as we are now. Never." Administration witnesses, nevertheless, have tried to justify the additional \$1.2 billion on the basis of "imponderables." The total military aid authorized by this bill should be limited to the \$1 billion already provided. If the war resumes, Israel could be supplied under the same 120-day authority used for the recent resupply effort. Congress should not give the President a \$1.2 billion contingency fund, certainly not without requiring that Israel engage in good-faith negotiations.

This bill constitutes a vast grant of discretionary power to the President, reversing a healthy trend in recent years for Congress to reassert its authority in foreign policy. Congress is preparing to give the President carte blanche authority to dole out \$2.2 billion to one country as he sees fit and without any policy guidelines. The plea, "Don't tie the President's hands," has a familiar ring. Large grants of authority and money to the President should be as objectionable in the case of Israel as with Vietnam. The potential dangers are, in fact, greater.

This bill must also be viewed in the light of our economic situation, past and present assistance to Israel, and the flow of private resources to that country.

Over the years, assistance to Israel from both the U.S. Government and private sources has been substantial. When the assistance to be authorized in this bill is added, by the end of this fiscal year the United States taxpayers will have provided Israel with \$5.7 billion in loans and grants since it became a state, shown on the tables in the Appendix. Assistance to Israel for the current fiscal year will be an estimated \$2.6 billion including this request, \$833 for every man, woman and child of that country.

And the flow of private American financial aid to Israel has always been substantial. The *American Jewish Yearbook for 1972* states that between 1948 and 1971 the United Jewish Appeal, contributions to which are tax deductible, provided \$1.6 billion for use in Israel and that \$1.6 billion in Israel bonds, exempt from the interest equalization tax, were sold here during the same period. When funds raised over the last two years are included, the total comes to some \$4.2 billion.

According to the State Department, Israel set a private fund-raising goal of \$1.9 billion after the outbreak of the recent war. At least two-thirds of that is likely to be raised in the United States, more than the \$1 billion in military assistance provided to Israel since the war began. Israel's foreign exchange reserves were \$1.8 billion at the end of October and the State Department reports that her foreign exchange position remains "strong," hardly an apt description of our own situation.

Recently Congress approved a bill to raise the federal debt limit to a record \$475 billion, an increase of \$119 billion over the last five years. This request for Israel will bring the total United States foreign aid program for the 1974 fiscal year to \$9.2 billion, shown on the table in the Appendix, all to be paid for by more deficit spending. Our nation faces a recession, high unemployment, continued inflation, a serious reduction in revenues, and a cutback in domestic programs of great importance to millions of Americans. I offered an amendment to require the release of funds impounded for certain domestic water and sewer projects among other, in order to stress the question of domestic versus foreign priorities involved in this bill. That amendment was tabled by a vote of 11 to 3, preventing a vote on the merits of a fundamental issue.

In view of the proven record of generous private support from the Jewish community for Israel, Israel's strong foreign reserve position, the state of our government's fiscal condition, and the gloomy prospects for our economy, I believe that any military assistance authorized for Israel should be on a credit basis, not as grants.

This bill is vastly more important than the giving away of \$2.2 billion of the taxpayers' money. Our national interests as well as those of Israel, the Arabs, and the world are tied to a successful conference in Geneva. We must not do anything to undermine that conference. It is an opportunity which we cannot afford to miss. It offers the best hope for real peace in the region since the founding of Israel. A stalemate will assure a fifth round of fighting, great danger to Israel's existence, and a return to the cold war, if we can avoid involvement in a hot one.

A failure at Geneva will also assure worldwide economic chaos. The prospect of the world's industrial machine and transportation systems sitting idle for lack of oil is not pleasant. But unless progress is made in the negotiations within the next several months we are in for economic difficulties of a magnitude which, at this point, are unimaginable.

I support the President and Secretary of State Kissinger's basic policy in the Middle East, to seek a settlement based on Resolution 242. That objective is in the interest of all mankind. I want to strengthen Secretary Kissinger's hand in exerting United States influence to bring about a compromise agreement. This is why I oppose passage of this bill. The domestic political pressures which have resulted in such hasty action in Congress on the authorization and appropriation bills will now shift to the White House and the Department of State.

Whether these pressures can be resisted and the additional \$1.2 withheld from Israel remains to be seen.

But the real damage will have been done; the signal will have gone out to the world that the United States does not intend to pursue a more even-handed policy. As the only country in a position to talk to all parties involved, maintenance of United States credibility is most important. Our deeds must match our words. This bill speaks not of peace but of war.

The passage of this bill at this critical juncture, may have serious consequences for the peace negotiations. There is too much at stake for the United States, Israel, and the world to run such a risk.

APPENDIX TO INDIVIDUAL VIEWS OF SENATOR J. W. FULBRIGHT

AMENDMENTS TO H.R. 11088 PROPOSED BY SENATOR FULBRIGHT AND REJECTED BY THE FOREIGN RELATIONS COMMITTEE

COMPLIANCE WITH SECURITY COUNCIL RESOLUTIONS

I. *Sec. 7.* No assistance shall be furnished under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country if the President finds that such country is not taking appropriate steps to comply with United Nations Security Council resolution 242 (1967) and 338 (1973) concerning peace in the Middle East.

(Explanation: This amendment is designed to insure that United States assistance to any country in the Middle East is conditioned on compliance by that country with Security Council resolutions 242 of 1967 and 338 of this year. It covers all foreign aid programs and all countries, affecting Jordan, for example, as well as Israel.

It will help strengthen the President's hand in trying to arrange a settlement based on the Security Council resolutions, which the Administration supports. And it will emphasize that the purpose of this bill is to help achieve peace, not to finance a resumption of the war.)

ASSISTANCE NOT A COMMITMENT

II. *Sec. 7.* Military and economic assistance provided by the United States to Israel and authorized or appropriated pursuant to this or any other Act shall not be construed as a commitment by the United States to Israel for its defense.

(Explanation: This amendment simply states that the act of giving aid to Israel does not constitute a commitment by the United States to defend that country. It is identical to a provision, sponsored by Senator Javits, in the Special Foreign Assistance Act of 1971 relating to Cambodia.)

REQUIREMENT FOR PRESIDENTIAL FINDING

III. *Sec. 7.* Not more than \$1,200,000,000 of the funds made available pursuant to section 2 shall be furnished to Israel until the President has found that Israel is taking appropriate steps to comply with

resolutions 242 (1967) and 338 (1973) of the United Nations Security Council. Any such finding shall be reported promptly to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives.

(Explanation: Amendment number three is similar to amendment number 1. Before more than \$1.2 billion in aid could be provided to Israel, the President would be required to make a finding that Israel was taking "appropriate steps" to comply with UN Security Council resolutions 242 and 338.)

CALLING FOR LIMITATION ON ARMS SHIPMENTS TO THE MIDDLE EAST

IV. *Sec. 7.* It is the sense of the Congress that, in order to promote peace in the Middle East, the President should make every effort to reach an international agreement, to be supervised by the United Nations, providing for effective limitations on the quantity and type of arms which can be supplied by outside sources to nations in the Middle East.

(Explanation: This amendment would put Congress on record in favor of working out an international agreement, under United Nations supervision, to limit arms shipments to the Middle East.)

REQUIRING THAT ASSISTANCE FOR ISRAEL BE IN THE FORM OF CREDITS

V. A. On page 1, beginning on line 9, strike out "military assistance or foreign military sales credits, or for both as the President may determine, for Israel" and insert in lieu thereof "foreign military sales credits for Israel".

B. In section 3 on page 2, beginning on line 18, strike out the first sentence, and on line 23 strike out "such" and after the word "funds" insert "appropriated under section 2 of this Act."

(Explanation: Amendment number five would require that the assistance authorized by this bill be in the form of credits. The bill now allows the President to decide how much is to be given in credits and how much in grants.)

In view of the proven record of generous private support for Israel, Israel's strong foreign reserve position, and the state of our government's fiscal condition, and the gloomy prospects for our own economy, aid to Israel should be on a credit—not a grant—basis. The President can still set generous credit terms—40 years and 3 percent interest, or be even more liberal, if he chooses to do so.)

CHANGE OF TITLE

VI. A. Change the title of the Act from "To provide emergency security assistance authorizations for Israel and Cambodia" to "To authorize appropriations for military assistance for Israel".

B. Change the short title from "Emergency Security Assistance Act of 1973" to "Military Assistance for Israel Act of 1973".

(Explanation: Amendment six would merely change the title to reflect more accurately the purpose of the bill.)

RELEASE OF IMPOUNDED FUNDS

(Comparable to a provision of the Foreign Assistance Act of 1971 and S. 837 approved by the Committee earlier this year.)

VIII *Sec. 7. Limitation on Use of Funds*—(a) Except as otherwise provided in this section, none of the funds appropriated to carry out the provisions of this Act shall be obligated or expended after January 31, 1974, until the Comptroller General of the United States certifies to Congress that all funds previously appropriated (including any authorization to create obligations in advance of appropriations), and thereafter impounded during fiscal years 1973 and 1974 for activities, programs, and projects under the Departments of Agriculture, Transportation, Housing and Urban Development, and Health, Education, and Welfare, have been released for obligation and expenditure.

(b) The provisions of this section shall not apply with respect to funds impounded in accordance with any provision of law specifically authorizing the impoundment of funds of any such department if (1) such provision is contained in any law authorizing, or making appropriations for, any activity, program, or project of such department, and (2) the impoundment is made only with respect to and in accordance with such provision authorizing the impoundment.

(c) For purposes of this section, impounding includes—

(1) withholding or delaying the expenditure or obligation of funds (whether by establishing reserves or otherwise) appropriated or otherwise obligated for projects or activities, and the termination of authorized projects or activities for which appropriations have been made;

(2) withholding any authorization to establish obligations in advance of appropriations; or

(3) any type of executive action which effectively precludes the obligation or expenditure of the appropriated funds.

(Explanation: This amendment is designed to prohibit the use of these funds after January 31, 1974, unless the President has released funds impounded for four departments—Agriculture, Transportation, HEW, and HUD.

(It is similar to an amendment that became a part of the 1971 foreign aid authorization Act. A similar provision was also added by the Committee to the military aid bill earlier this year; however, since a continuing resolution was voted for the remainder of the 1973 fiscal year, that provision was not enacted into law.)

*Estimated assistance to Israel—fiscal year 1974 and cumulative assistance—
fiscal year 1949-73*

	<i>Estimated fiscal year 1974</i>
I. Military assistance:	
1. Emergency military assistance.....	\$2, 200, 000, 000
2. Military credit sales authorized in the Foreign Assistance Act.....	300, 000, 000
Total, military.....	2, 500, 000, 000
II. Economic assistance: ¹	
1. Supporting assistance.....	50, 000, 000
2. Aid for Soviet immigrants.....	38, 500, 000
3. Public Law 480 food aid.....	58, 865, 000
4. Aid to Israeli educational institutions.....	4, 000, 000
Total, economic.....	149, 365, 000
Total assistance, fiscal year 1974.....	2, 649, 365, 000
Assistance, fiscal year 1949-73.....	3, 112, 100, 000
Total assistance, fiscal year 1949-74.....	5, 761, 465, 000

¹ Does not include housing investment guarantees.

Estimated private flows to Israel as a result of the war¹

I. Worldwide fund raising goal set after outbreak of the war.....	\$1, 900, 000, 000
1. United Jewish Appeal.....	(1, 250, 000, 000)
2. Government of Israel bonds.....	(650, 000, 000)
II. Funds to be raised in the United States:	
1. United Jewish Appeal.....	750, 000, 000
2. Government of Israel bonds ²	487, 500, 000
Total to be raised in United States.....	1, 237, 500, 000

¹ Data from Department of State.

² Estimated at 75 percent of worldwide total.

TABLE I.—PRIOR UNITED STATES ASSISTANCE TO ISRAEL—FISCAL YEAR 1949-1973
[Millions of dollars]

	Fiscal year—										Total	
	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	fiscal years 1964-73	fiscal years 1949-73
Grants:												
Supporting assistance									50.0	50.0	100.0	100.0
Immigrant assistance									2.0	49.0	51.0	51.0
American schools and hospitals									5.6	4.4	32.0	32.0
Public Law 480 title II	0.4	0.5	0.9	1.0	6.0	0.6	12.5	2.5	.4	.3	4.9	61.4
Other (1948-62)								.3				278.0
Loans:												
Public Law 480 title I	16.6	28.2	25.9		51.3	36.1	41.0	55.5	52.8	247.6	355.1	561.5
EXIM bank long term		3.4		9.6		38.6	10.0	31.0	21.0	21.3	135.0	371.6
Aid housing guarantee									3.50			
Foreign military sales credit		12.9	90.0	7.0	25.0	85.0	30.0	545.0	300.0	300.0	1,384.9	1,422.3
Other loans	20.0	20.0	10.0	5.5							55.5	234.3
Total assistance	37.0	65.1	126.8	23.7	82.8	160.3	93.9	634.20	432.9	472.6	2,129.4	3,112.1
Grants	(7.4)	(1.5)	(26.9)	(1.6)	(6.5)	(153.7)	(12.8)	(2.8)	(58.0)	(103.7)	(187.9)	(522.4)
Loans	(36.6)	(64.6)	(123.9)	(22.1)	(76.3)	(153.7)	(81.0)	(631.3)	(374.9)	2(368.9)	(1,941.5)	(2,585.7)

³ Not included in totals.

¹ Equivalent in local currency.
² Preliminary.

ESTIMATED FOREIGN ASSISTANCE, FISCAL YEARS 1973-74

[In thousands]

	Fiscal year 1973	Fiscal year 1974
I. Military assistance:		
1. Military assistance grants.....	\$589,100	\$642,000
2. Military assistance to South Vietnam and Laos.....	2,735,000	1,123,000
3. Military assistance to Israel.....		2,200,000
4. Additional assistance to Cambodia.....		200,000
5. Excess defense articles.....	185,000	150,000
6. Ship transfers.....	121,060	6,500
7. Real property transfers.....	721,091	244,553
8. Public Law 480 defense grants.....	157,900	162,080
9. Foreign military credit sales.....	400,000	325,000
10. Supporting assistance (outside Indochina).....	155,300	125,000
Total military assistance.....	5,064,391	5,181,133
II. Bilateral economic assistance:		
1. Indochina economic aid.....	444,700	504,000
2. AID development assistance-general.....	974,300	837,500
3. South Asian relief.....	101,100	
4. American schools and hospitals abroad.....	25,532	19,000
5. International organizations.....	127,472	155,022
6. Contingency Fund.....	23,998	30,000
7. Administrative expenses.....	61,579	50,100
8. Narcotics control program.....	20,500	42,500
9. Peace Corps.....	80,560	77,100
10. Public Law 480 assistance.....	1,260,100	1,146,800
Total bilateral economic assistance.....	3,119,841	2,862,022
III. U.S. contributions to international financial institutions:		
1. International Development Association.....	320,000	320,000
2. Inter-American Development Bank.....	418,000	693,000
3. Asian Development Bank.....		100,000
Total U.S. contributions to international financial institutions.....	738,000	1,113,000
IV. Miscellaneous:		
1. Migration and refugee programs.....	8,500	8,800
2. Assistance for Soviet refugees.....	50,000	36,500
3. Inter-American Foundation.....	3,473	13,285
4. Latin American Highway.....	20,000	30,000
Total miscellaneous.....	81,973	88,585
Total foreign assistance.....	9,004,205	9,244,740

SECURITY COUNCIL RESOLUTION 242

(November 27, 1967)

(unanimously adopted)

The Security Council,
Expressing its continuing concern with the grave situation in the Middle East.

Emphasizing the inadmissibility of the acquisition of territory by war and the need to work for a just and lasting peace in which every State in the area can live in security.

Emphasizing further that all Member States in their acceptance of the Charter of the United Nations have undertaken a commitment to act in accordance with Article 2 of the Charter.

1. *Affirms* that the fulfilment of Charter principles requires the establishment of a just and lasting peace in the Middle East which should include the application of both the following principles:

(i) Withdrawal of Israeli armed forces from territories occupied in the recent conflict;

(ii) Termination of all claims or states of belligerency and respect for and acknowledgement of the sovereignty, territorial integrity and political independence of every State in the area and their right to live in peace within secure and recognized boundaries free from threats or acts of force;

2. *Affirms further* the necessity

(a) For guaranteeing freedom of navigation through international waterways in the area;

(b) For achieving a just settlement of the refugee problem;

(c) For guaranteeing the territorial inviolability and political independence of every State in the area, through measures including the establishment of demilitarized zones;

3. *Requests* the Secretary-General to designate a Special Representative to proceed to the Middle East to establish and maintain contacts with the States concerned in order to promote agreement and assist efforts to achieve a peaceful and accepted settlement in accordance with the provisions and principles in this resolution;

4. *Requests* the Secretary-General to report to the Security Council on the progress of the efforts of the Special Representative as soon as possible.

RESOLUTION 338 (1973)

(Adopted by the Security Council at its 1747th meeting, on 21/22 October 1973)

The Security Council

1. *Calls upon* all parties to the present fighting to cease all firing and terminate all military activity immediately, no later than 12 hours after the moment of the adoption of this decision, in the positions they now occupy;

2. *Calls upon* the parties concerned to start immediately after the cease-fire the implementation of Security Council resolution 242 (1967) in all of its parts;

3. *Decides* that, immediately and concurrently with the cease-fire, negotiations start between the parties concerned under appropriate auspices aimed at establishing a just and durable peace in the Middle East.

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